

Climate Capital **United Co RUSAL PLC**

Rusal plans spin-off in green aluminium push

Company to rename itself AL+ after demerger of high-carbon assets



Rusal, the largest producer of aluminium outside China, is 57 per cent owned by EN+ © Bloomberg

Neil Hume, Natural Resources Editor MAY 19 2021

Russian aluminium producer Rusal plans to demerge its high-carbon smelters and refineries into a new company so that it can focus on the fast-growing market for “green” aluminium.

Under a break-up plan announced on Wednesday, Rusal will change its name to AL+ and keep its 12 most modern smelters and refineries as well as important mining assets. It will also retain a near 28 per cent stake in metals group Norilsk Nickel, which pays large dividends.

Rusal is working on a carbon-free way of [mass-producing aluminium](#), which is used in everything from wind turbines to cars. This involves replacing the carbon anode used in smelting with a new material that releases oxygen rather than CO₂. However, it faces [fierce competition](#) from rivals including Rio Tinto and Alcoa.

Rusal, the largest producer of aluminium outside China, is 57 per cent owned by EN+, the London-listed hydropower-to-metals group that was once controlled by Russian oligarch Oleg Deripaska before the US imposed [sanctions](#) on him.

The demerged company, which has yet to be named, will control five older smelters and four refineries plus two mines producing bauxite, the raw material needed to make alumina and eventually aluminium.

Rusal chair Bernard Zonneveld said the demerger would allow the separated company to focus on the modernisation programme announced this year.

Greg Barker, executive chair of EN+, said he wanted the demerged company to be listed in Moscow and the shares distributed pro-rata to Rusal investors.

However, he understood Rusal's intention to consider "all available alternatives", including a sale of the high-carbon assets, before taking a final decision.

Barker, a former UK energy and climate change minister, will be interim chair of the demerged company. He said the demerger plan had come out of a strategic review he launched in January when EN+ announced it would reduce its greenhouse gas emissions by at least 35 per cent by 2030 and reach net zero by 2050.

"It's very clear that different parts of the group are moving at different speeds and have different financing requirements," he told the Financial Times. "But what this absolutely isn't is us walking away from our high-carbon businesses with the idea that they are just going to dwindle over time."

Aluminium is often referred to as solid electricity because of the large amounts of power required to transform alumina, which is made from bauxite, into refined metal.

The sector produces 1.1bn tonnes of CO₂ emissions per year, and generates about 2 per cent of global human-caused emissions, according to the World Economic Forum.

EN+ and Rusal, which produces 6 per cent of the world's aluminium, were hit by crippling US sanctions in 2018 that were lifted only when Deripaska agreed to give up his controlling stake.

Barker said he had discussed the proposed demerger with Deripaska. "We are very aligned," he said. The US Department of the Treasury had also been kept fully apprised of the plans, Barker added.

"If we go down the proposed route, Mr Deripaska's stake [in the demerged company] will fall to about 26 per cent," said Barker, who expected the demerger to be completed by the first quarter of next year.